

ACCEPTED

AUG 28 2014

DIV. OIL GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291 Fax: (801) 359-3940

RECEIVED E-Mail

AUG 26 2014

Div. of Oil, Gas & Mining

**NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS**

The information requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program (R647). The rules and Act are available online at <http://www.rules.utah.gov/publicat/code/r647/r647.htm> and [http://le.utah.gov/~code/TITLE40/40\\_08.htm](http://le.utah.gov/~code/TITLE40/40_08.htm).

Cultural Resources Survey: To fulfill its obligations under Utah Code Annotated 9-8-404, the Division needs cultural resource (archaeology) information. The amount and type of information required will depend on the mine location, the history of previous disturbance, and other factors. Please contact the Division for further information.

A permit fee of \$150 must accompany this application (Utah Code Ann. §40-8-7(1)(i)) and is due annually.

"Small Mining Operations" are operations which have a disturbed area of ten or fewer surface acres at any time in unincorporated areas, or five acres or fewer in incorporated areas.

\*\*\*\*\*

**I. GENERAL INFORMATION** (Rule R647-3-104)

1. Name of Mine: Highland Mist Mine
- 2.A. Name of Entity Applying for a Permit: Cornerstone Industries Inc.  
Contact (Authorized Officer): Eric Flippo  
Mailing Address: P.O. Box 2740  
City, State, Zip: Cedar City UT 84721  
Phone: 408.833.9676 Fax: \_\_\_\_\_  
E-mail Address: ericflippo@cornerstoneindustriesinc.com

Entity is a: ( ☒ ) Corporation, ( ☐ ) LLC, ( ☐ ) Sole Proprietorship (dba), ( ☐ ) Individual, ( ☐ ) Partnership ( ☐ General, or ☐ limited), ( ☐ ) Other (specify type) \_\_\_\_\_

**Business Entity (not individuals) must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC)** If not currently registered, contact [www.commerce.utah.gov](http://www.commerce.utah.gov) to renew or apply.

- 2.B. Are you currently registered to do business in the State of Utah? ( ☒ ) Yes ( ☐ ) No  
Business Entity #: 8237617-0142  
Local Business License #: \_\_\_\_\_ (if required)  
Issued by: County: \_\_\_\_\_ or City: \_\_\_\_\_

Registered Utah Agent (as identified with the Utah DOC) (if individual leave blank):

Name: Incorp Services Inc. Title: \_\_\_\_\_  
Address: 2005 E. 2700 S Suite 200  
City, State, Zip: Salt Lake City UT 84109  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_



**2.C. Entity's Representative(s) (if different from #2A) authorized and designated to receive notices of violation, cessation orders, and all other notices to be given to the permittee or operator by the Division.**

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Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Emergency, Weekend, or Holiday Phone: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Emergency, Weekend, or Holiday Phone: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**3. If Business is a Sole Proprietor (dba) or Individual:**

Name of Owner: \_\_\_\_\_ Title: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Business is a Corporation:**

Name of Officers: Eric Flippo Title: President  
Name: Lisa Flippo Title: Director/Secty/Treasurer  
Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Headquarters Address: P.O. Box 2740  
City, State, Zip: Cedar City UT 84721  
Phone: 408.833.9676 Fax: \_\_\_\_\_  
E-mail Address: ericflippo@cornerstoneindustriesinc.com

**If Business is a Limited Liability Company: Member Managed ( \_\_\_ ) Manager Managed ( \_\_\_ )**

Name of 1<sup>st</sup> Member/Manager: \_\_\_\_\_ Title: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

Name of 2<sup>nd</sup> Member/Manager: \_\_\_\_\_ Title: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Business is a Partnership:**

Names of Partners: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Business is a Partnership:**

Names of Partners: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_



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BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): \_\_\_\_\_

Utah State Lease Number(s): ML 49567 Sec. 36, T32S-R6W - Iron County  
ML 49568 Sec. 36, T32S-R5½W - Garfield CountyName of Lessee(s) Michael D. Terry/Anasazi Gold Reserves7. **Have the above surface and mineral owners been notified in writing?**Yes \_\_\_\_\_ No XIf no, why not? Owners are state of Utah and Anasazi Gold Reserves.  
Mine operator owns surface and has leased the minerals

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Permittee / Operator have legal right to enter and conduct mining operations on the land covered by this notice?** Yes X No \_\_\_\_\_II. **PROJECT LOCATION & MAP (Rule R647-3-105)**1. **Project Location** (legal description):County(ies): Iron/Garfield

<u>SW</u> 1/4, of	<u>NE</u> 1/4, of	<u>NE</u> 1/4:	Section: <u>36</u>	Township: <u>32S</u>	Range: <u>6W</u>
<u>NW</u> 1/4, of	<u>NE</u> 1/4, of	<u>NE</u> 1/4:	Section: <u>36</u>	Township: <u>32S</u>	Range: <u>6W</u>
<u>NE</u> 1/4, of	<u>SW</u> 1/4, of	<u>NW</u> 1/4:	Section: <u>36</u>	Township: <u>32S</u>	Range: <u>5½W</u>

UTM East \_\_\_\_\_ (if known) UTM North \_\_\_\_\_ (If known)

Name of Quad Map for Location: Panguich NW (7½')

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. A USGS 7.5 minute series map is preferred. The areas to be disturbed should be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) **should** be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.



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**III. OPERATION PLAN (Rule R647-3-106)**

1. **Type of mining:** Surface ☒X      Underground ☐G
2. **Mineral(s) to be mined:** Precious Metals
3. **Amount of material to be extracted, moved or proposed to be moved:** about 75,000 tons
4. **Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?**  
Yes ☐G      No ☒X      If yes, please describe (add extra pages if needed)  
\_\_\_\_\_  
\_\_\_\_\_
5. **Provide a brief description of the proposed mining operation and onsite processing facilities** (add extra pages if necessary). See attached writeup and  
Figures 1, 2, 3 and 4  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. ☐G **New Road(s):** Length none (ft)      Width                      (ft)
7. ☒X **Improved Road(s):** Length 1600 (ft)      Width                      (ft)
8. **Total project surface acreage to be disturbed:** 4.0 (acres) **PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount -- see #VI).**  
Sec.36,T32S-R6W,400'x400'=3,7 ac; Sec.36,T32S-R5½W,150'x100'=0.3 ac.
9. **Proposed startup date of project** (month, year) April 2005
10. **Proposed completion date of project, if known** (month, year) unknown

**IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)**

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining:

1. *Keep the mining operation in a safe, clean, and environmentally stable condition.*
2. *Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.*
3. *Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.*
4. *Construct berms, fences, or barriers, when needed, above highwalls and excavations.*
5. *Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.*
6. *Remove all waste or debris from stream channels.*



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7. *Dispose of any trash, scrap metal, wood, machinery, and buildings.*
8. *Conduct mining activities so as to minimize erosion and control sediment.*
9. *Reclaim all roads that are not part of a permanent transportation system.*
10. *Stockpile topsoil and suitable overburden prior to mining.*
11. *Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.*
12. *Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.*
13. *Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)*
14. *Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.*

**V. VARIANCE REQUEST (Rule R647-3-110)****Any variance request must be approved in writing by the Division**Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above, should be identified below and justification given for the variance request(s).

<u>Item Number</u>	<u>Variance Request Justification</u>
none	

**VI. SURETY (Act 40-8-7(1)[c])****The surety must be provided to and approved by the Division prior to commencement of operations.**

The Utah Mined Land Reclamation Act (40-8-7 (1)[c] and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to approved *notices* consistent with on-site conditions. The surety amount is based on the nature, extent and duration of operations. These amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.

\$5,000 for the 1<sup>st</sup> acre; and  
\$3,000 for each additional acre.

Acceptable forms of surety may include: certificates of deposit, letters of credit, surety bonds & cash. Please identify which type of surety you will post so we can provide you with the appropriate forms.

G Certificate of Deposit      G Letter of Credit      G Surety Bond      G Cash  
G Other \_\_\_\_\_ (please identify)

(please be advised that the State Treasurer's office may require additional monies to administer cash sureties).

Check if applicable:

G Reclamation surety is already posted with another regulatory agency (copy must be included as proof):  
\$ \_\_\_\_\_ (amount) \_\_\_\_\_ (Agency name)



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**3. Certification:**

**This certification must be signed by:** (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; (4.) the member or manager if applicant is a limited liability company; or (5) the individual if the applicant is filing as an individual:

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- a. I will follow the approved mining and reclamation plan that was submitted by  
ANASAZI GOLD RESERVES, INC. (transferor),  
until such time that I provide the Division with an amended Notice of Intention and  
receive approval of the amended Notice; AND
- b. I commit to the reclamation of the aforementioned small mining project as required by  
the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of  
Oil, Gas and Mining.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name (typed or printed): \_\_\_\_\_

Title/Position (if applicable): \_\_\_\_\_

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VII. PERMIT FEE [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

**Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.**

**NOTICE:** The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: Michael D. Terry  
Address: Box 77, Prospect Mine Road  
City, State, Zip: Virginia City, MT 59755  
Phone: 801/361-6802 Fax: none  
E-mail Address: none

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

VIII. SIGNATURE REQUIREMENT

I hereby verify that the foregoing information is true and accurate and commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.

(Please check the box and place your initials on the line provided)

- ☒ X G I have enclosed the required permit fee.
- ☒ X G I have also enclosed the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☒ X G I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

**(Note: If a company or corporation, this form must be signed by the owner or officer who is authorized to bind the company/corporation to this Notice.)**

Signature of Permittee/ Operator/ Applicant: Michael D. Terry  
Name (typed or printed): Michael D. Terry  
Title/Position (if applicable): Overseer/Anasazi Gold Reserves  
Date: March 9, 2005



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OPERATION PLAN (R647-3-106)

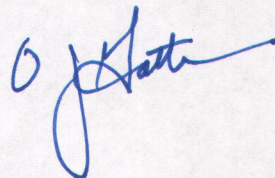
This mining operation would consist of two (2) sites that are located close to each other. Most of the work would be done at the site on Sec. 36, T32S-R6W and a minor amount of work would be done on Sec. 36, T32S-R5 ½ W (figures 1, 2 & 3).

At the primary site work would consist of:

1. Removal of vegetation and soils from an area about 400 feet long and 100 feet wide (figure 3). This material would be stored on site for use in reclamation
2. Drill and blast material within the area to be mined. Benches to be 15 feet high and 30 feet wide.
3. Crush mine-run rock on site for further crushing, grinding and gravity separation.
4. Load and truck rock off site for further crushing, grinding and gravity separation.
5. A series of drill holes will also be drilled from the face, to the east and northeast, to determine the continuity and grade of the material of interest.
6. A mine portal would be faced up and constructed in preparation for further mining under a Large Mine Permit.

The access road will be improved by placing crushed rock on the road. This road borders surface lands owned by Anasazi Gold Reserves. Future plans will involve securing water rights and installing a modest-sized plant on the site to use water and gravity to separate and recover metals from the mined material.

At the secondary work site (Sec. 36, T32S-R5 ½ W) a small area (150 feet x 100 feet in size) would be cleared, vegetation and soil stockpiled, and a large bulk sample of material would be collected.

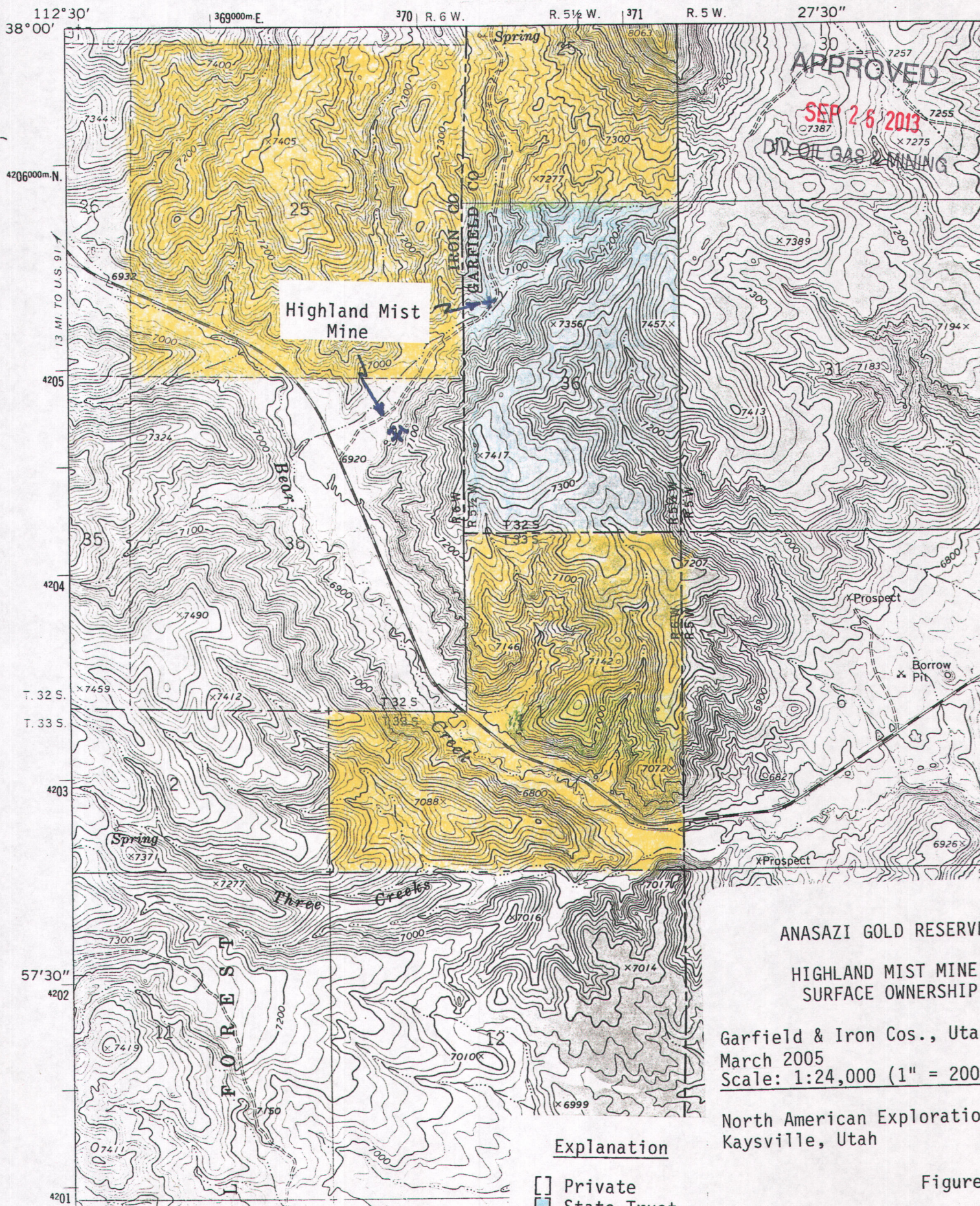




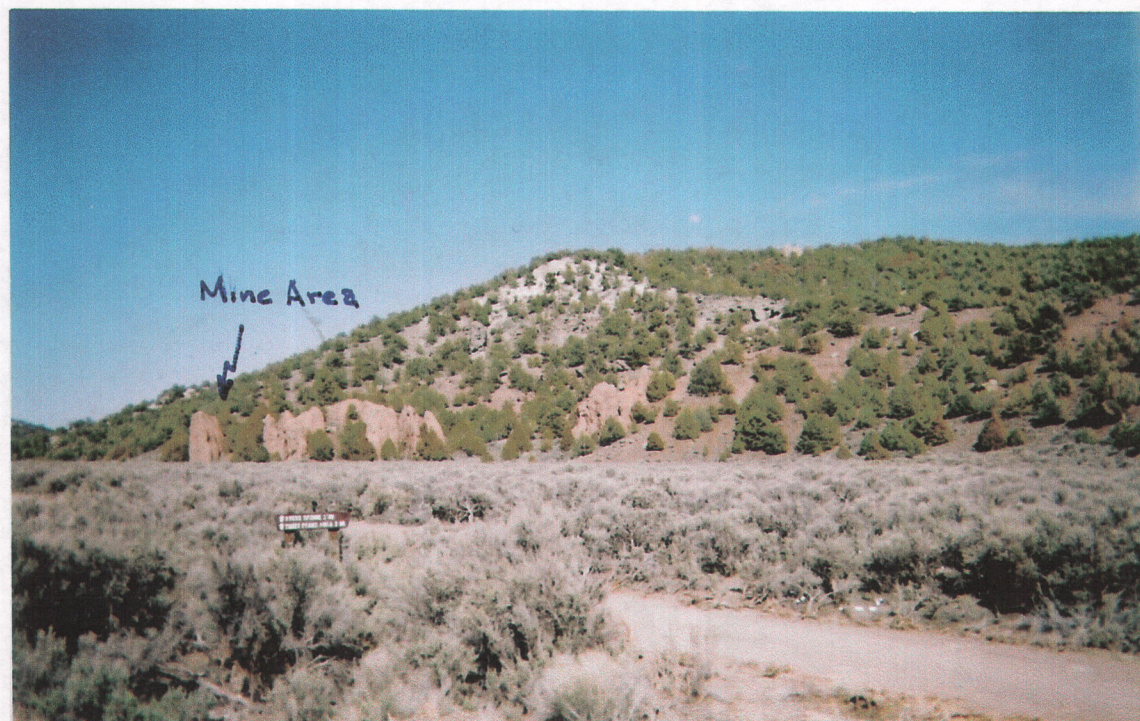
3400' SE  
-NT PEAK

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Panquitch NW  
7 1/4' Quadrangle  
1968







Views of Highland Mist Mine Area.  
Looking NE from BLM access road.

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ANASAZI GOLD RESERVES

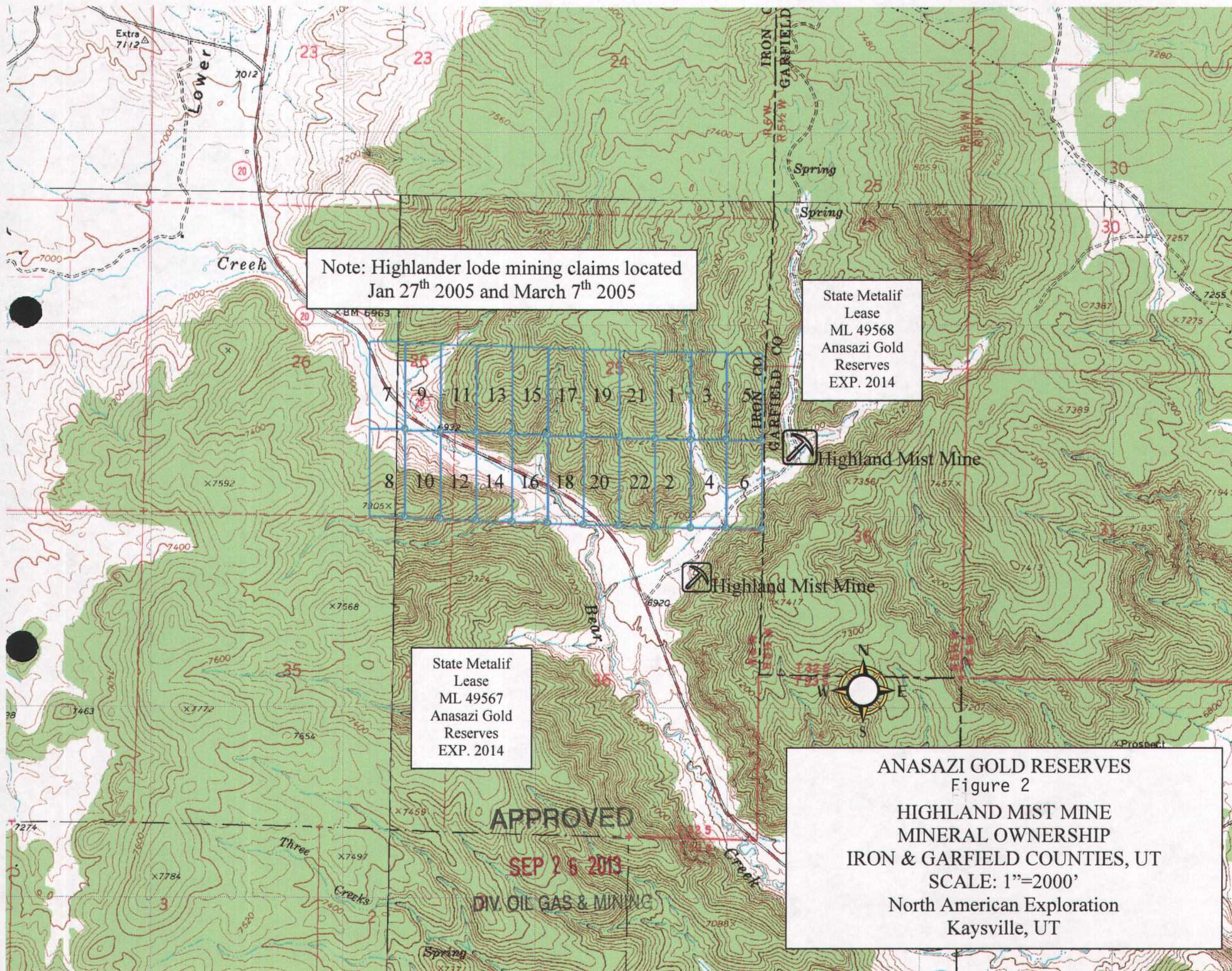
HIGHLAND MIST MINE

Garfield and Iron Counties, Utah  
March 2005

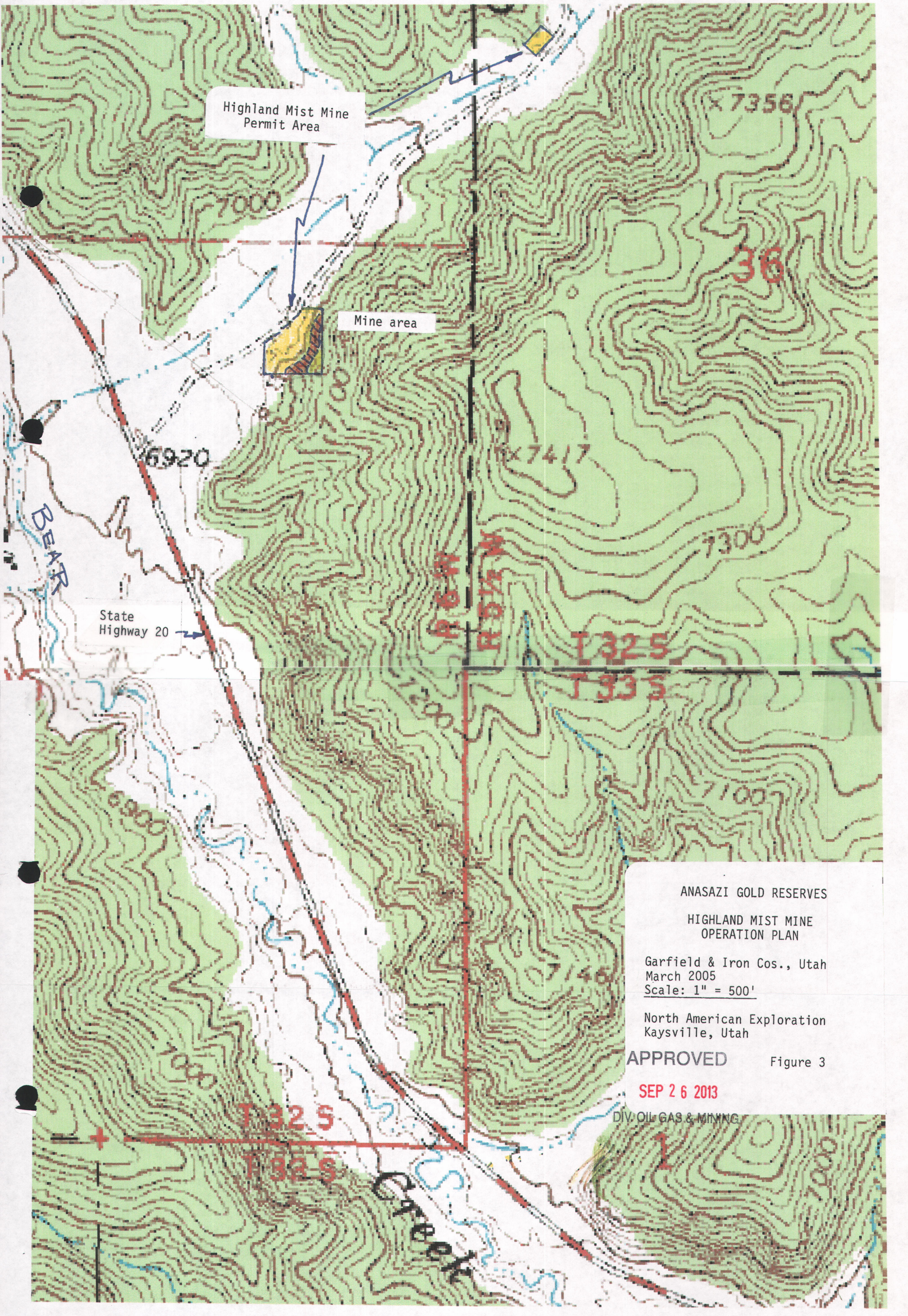
North American Exploration  
Kaysville, Utah

Figure 4









ANASAZI GOLD RESERVES

HIGHLAND MIST MINE  
OPERATION PLAN

Garfield & Iron Cos., Utah  
March 2005  
Scale: 1" = 500'

North American Exploration  
Kaysville, Utah

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Figure 3

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